



***Ministry of Economy and Finance***  
***Treasury Department***  
***Directorate II***

**Decree no. 0109649 as of 21/12/2023**

**Evaluation Criteria of Specialists in Government bonds**  
**(Primary Dealers)**  
**Year 2024**  
**(Specialists Evaluation Criteria Decree)**

**CONSIDERED** the Legislative Decree no. 165 of 30 March 2001 “General rules on the discipline of employment in the public administrations” and following modifications and integrations and in particular the article 4;

**CONSIDERED** the Legislative Decree no. 58 of 24 February 1998 “Consolidated Finance Law” as amended, and in particular the amendments due to the Legislative Decree no. 129 of 3 August 2017;

**CONSIDERED** the Ministerial Decree no. 216 of 22 December 2009, “Regulation on identifying the characteristics of wholesale trading of financial instruments and on the discipline of wholesale trading of Government bonds” and in particular article 23, paragraphs 1 to 5, which discipline the enrolment in the List of Specialists in Government bonds, the requirements whose possession enrolment is dependent upon and how the same are verified;

**CONSIDERED** paragraphs 3 and 4 of cited article 23 of Ministerial Decree no. 216 of 22 December 2009, which identifies the Specialists Decree as the instrument to set criteria and methods to be used to evaluate and monitor the activity of Specialists, for the verification and fulfilment of the requirements for enrolment and permanence in the List of Specialists in Government bonds;

**CONSIDERED** the Decree of the Director General of Public Debt no. 853355 of 1 March 2011 (the so-called “Markets Decree”), “Selection of wholesale Government bond markets eligible for the evaluation of Specialists in Government bonds” and in particular article 9, which disciplines the selection of trading venues in which to evaluate the activity carried out by Specialists in Government bonds;

**CONSIDERED** the outcome of the first public procedure to select trading venues, carried out as per article 28, paragraph 2, of Ministerial Decree no. 216 of 22 December 2009 and of the Decree of the Director General of Public Debt no. 853355 of 1 March 2011, that resulted in the enrolment in the List of a single trading venue, “MTS Spa”, a company that manages a wholesale regulated market of Government bonds;

**CONSIDERED** the Decree of the Director General of Public Debt no. 993039 of 11 November 2011 (the so-called “Specialists Decree”) “Selection and evaluation of Specialists in Government bonds”, as modified by the Decree of the Director General of Public Debt no. 99025 of 20 December 2021 and in particular article 8, which establishes that the technical and administrative procedures on the basis of which the Ministry evaluates the contribution of Specialists are regulated in a specific Decree, the so-called “Specialists Evaluation Criteria”;

**CONSIDERED** the Decree of the Director General of Public Debt n. 99776 of 13 December 2022 concerning the Evaluation Criteria of Specialists in Government bonds for the year 2023;

## DECREES

### Article 1

#### *Definitions*

1. In this Decree, the following terminology applies:

- a) “Minister / Ministry”: Minister / Ministry of Economy and Finance;
- b) “Treasury”: the Treasury Department, Ministry of Economy and Finance;
- c) “Debt Directorate”: Directorate General of Public Debt at the Treasury Department, Ministry of Economy and Finance;
- d) “Trading venues”: regulated markets and multilateral trading facilities referred to in article 4, paragraph 1 (21) and (22) of Directive 2014/65/EU (MiFID II) whose registered offices are within the European Union;
- e) “Market maker”: a subject who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that subject’s proprietary capital at prices defined by that subject (consistently with article 4, paragraph 1 (7) of the Directive 2014/65/EU (MiFID II);
- f) “TUF”: Legislative Decree no. 58 of 24 February 1998 “Consolidated Finance Law” and subsequent modifications;
- g) “Regulation 216/2009”: Ministerial Decree no. 216 of 22 December 2009, “Regulation on identifying the characteristics of wholesale trading of financial instruments and on the discipline of wholesale trading of Government bonds”;
- h) “Specialists”: Specialists in Government bonds as defined by article 23, paragraph 1, of Regulation 216/2009;
- i) “List of Specialists”: the list of Specialists;
- j) “List”: the list of regulated markets and multilateral trading systems eligible to evaluate activity carried out by Specialists;
- k) “Markets Decree”: the Decree of the Director General of Public Debt on the selection of wholesale trading venues eligible to evaluate Specialists’ activity;

- l) “Specialists Decree”: the Decree of the Director General of Public Debt on the selection of wholesale trading venues, among the eligible ones, in which to evaluate Specialists in Government bonds, and also the selection and evaluation of Specialists themselves;
- m) “Specialists Evaluation Criteria Decree”: the Decree of the Director General of Public Debt on the definition of the criteria according to which the activity carried out by Specialists is evaluated.

## Article 2

### ***Scope***

- 1. The present decree disciplines the criteria and methods used to evaluate and monitor Specialists’ activity, so as to verify the respect of the requirements of permanence in the List of Specialists, mentioned in article 23, paragraph 2, of Regulation 216/2009 and as per article 8 of the Specialists Decree.

## Article 3

### ***General Principles***

- 1. The criteria according to which Specialists’ activity is evaluated are defined with regard to the following general principles that the Treasury expects to find in their activity:
  - a) continuous participation in the placement auctions of Government bonds;
  - b) efficient participation in the placement auctions of Government bonds with regard also to the requirement of fulfilling customer orders in the auction without adopting business practices based on price conditions set not in line with the results of the auction itself;
  - c) contribution to the efficiency of the secondary market and an orderly execution of trading;
  - d) possession of an organizational structure suitable to the role of Specialist in Government bonds;
  - e) contribution to the management of public debt and to the choices of issuance, also through advisory and research activity;
  - f) respect of the obligation of confidentiality with regards to the information that the Specialist status gives access to.

## Article 4

### ***Changes to the Evaluation Criteria and annual ranking***

- 1. At the end of the evaluation period, usually one solar year, on the basis of the overall evaluation, the Treasury calculates the final ranking of the Specialists and publishes the first five on the Public Debt website (<http://www.publicdebt.it>).
- 2. The Treasury reserves itself the right to modify, during the course of the evaluation period, should exceptional circumstances make it necessary, the criteria contained in the present decree. In that case, the final ranking will be established taking into account the attribution of points obtained according to the criteria in force in the different periods of observation.

# TITLE 1

## EVALUATION CRITERIA ON THE PRIMARY MARKET

### Article 5 *Evaluation of the Primary Market*

1. An essential requisite to maintain enrolment in the List of Specialists, as per article 23, paragraph 2, letter b, of Regulation 216/2009, and as per article 10, paragraph 5, of the Specialists Decree, is the participation of the Specialist in Government bonds auctions and the allocation on an annual basis of a share, calculated taking into account the financial characteristics of the bonds subscribed and according to the criteria defined in the following article 6, paragraph 3, no less than 3% of the total volume issued by the Treasury.
2. In reference to the principle mentioned in article 3, paragraph 1, letter a) and b), Specialists are evaluated on the primary market based on a quantitative and a qualitative criterion.

### Article 6 *Primary quantitative indicator*

1. Each Specialist is assigned a score, between 0 and 33, in proportion to the share allocated obtained in the reference period. The score begins to be assigned with the allocation of a share of at least 3.5% up to a maximum level of 6%.
2. The score for the primary quantitative parameter is assigned according to the following formula:

$$P_S = \frac{Q_S - Q_{\min}}{Q_{\max} - Q_{\min}} P_{\max}$$

where:

**P<sub>S</sub>** is the score assigned to the Specialist, in any case not above **33** points;

**P<sub>MAX</sub>** is the maximum score given for the quantitative parameter of the primary market (**33** points);

**Q<sub>S</sub>** is the quota of the primary market allocated, during the reference period, by the operator whose performance is being evaluated. For values above 6%, **Q<sub>S</sub>** = 6%;

**Q<sub>min</sub>** is the minimum primary market quota that allows for a positive score (3.5%);

**Q<sub>MAX</sub>** is the maximum primary market quota that allows for a positive score (6%).

3. The quota allocated obtained in the reference period (**Q<sub>S</sub>**) is calculated weighting the allocated amounts of each type of bond with weights that take into account the financial characteristics of the same bonds as well as the status of the bonds placed on auction (bonds currently being issued – on-the-run – or no longer being issued – off-the-run) according to the following table (Green BTPs are included in the BTPs):

BONDS	3 month BOT	6 month BOT	12 month BOT	BTP Short Term	3 year BTP	5 year BTP	7 year BTP	10 year BTP	15 year BTP	20 year BTP	30 year BTP	50 year BTP	CCTeu
On-the-run	0.25	0.50	1.25	3.50	3.50	5.00	6.00	7.50	13.00	15.00	20.00	25.00	7.00
Off-the-run				1.75	1.75	2.50	3.00	3.75	6.50	7.50	10.00	12.50	7.00
BONDS					3 year BTP€/BTP Italia	5 year BTP€/BTP Italia	7 year BTP€/BTP Italia	10 year BTP€/BTP Italia	15 year BTP€/BTP Italia	20 year BTP€/BTP Italia	30 year BTP€/BTP Italia		
On-the-run /Off-the-run					5.00	7.00	8.00	9.5	16	18.00	24.00		

- For the purpose of assigning weights, for flexible BOTs (that is BOTs with not-standard maturity of three, six or twelve months), off-the-run both BOTs, BTPs, Green BTPs and BTP€is, reference is made to the residual maturity of the bond being issued.
- To calculate the allocated quota in a set period of time, the auction settlement date is taken into consideration.
- The value of the parameter is communicated at least monthly and is translated in points every quarter.

## Article 7

### *Primary qualitative indicator in the medium and long-term auctions*

- The qualitative evaluation of participation in the primary market is made based on the Auction Aggressivity Index (AAI) which measures the contribution of each Specialist's auction strategy in determining the difference between the bond auction price and the prices reported on the secondary market.
- AAI measures the degree of aggressivity of the auction participation strategy of each Specialist, in other words, the combined effect of the difference, when positive, between bid prices and market prices (overbidding) associated with bid quantities above a threshold – set by the Treasury and communicated to the Specialists - that ration the amount available to the remaining participants (overdemanding).
- The score is attributed on the basis of the AAI for auctions of both on-the-run and off-the-run BTPs, BTP€is, Green BTPs and CCTeus.
- The score is attributed according to the average value of the AAI, calculated on each auction object of the evaluation as of the above paragraph 3, obtained by each Specialist and is assigned according to the following scheme:

<b>Intensity of AAI parameter</b>	<b>Points</b>
0% < AAI < 0.2%	<b>12</b>
0.2% < AAI < 1.2%	<b>0 - 12</b> , in proportion to the AAI value
AAI > 1.2%	<b>0</b>

5. For each auction the value of the AAI may be adjusted in case the Treasury receives, before the cut-off, a communication sent by Specialists on significant orders by customers, for a volume above the threshold share, taking into consideration the characteristics of the order itself (whether outright vs in switch from other bonds, whether coming from real money investors vs others). These communications will be subjected to some random control and, in any case, the auction behaviour will be evaluated also taking into account the principle stated in article 3, paragraph 1, letter b).
6. The value of the parameter is communicated at least monthly and is translated in points every quarter.

## Article 8

### *Indicator of qualitative participation in the BOT auctions*

1. The qualitative participation indicator in the BOT auctions is aimed at awarding the support offered by the Specialists to the good result of every single BOT auction. The indicator is composed by two sub-indicators:
  - a. *Aggressivity index indicator within the threshold share*: it measures the difference between the auction's weighted average yield and the weighted average yield of the bid presented by each Specialist calculated up to the threshold share (see paragraph 2 of previous article 7). The indicator could have an interval between 0 and 10 and its value is a function of a) the positive distance between the auction's weighted average yield and the weighted average yield of the Specialist and b) the amount requested with yield attached lower than auction's weighted average yield.
  - b. *Aggressivity index indicator above the threshold share*: it measures the difference between the auction's weighted average yield and the weighted average yield of each Specialist for the only bid quantities above the threshold share. This indicator could have an interval between 10 and 0 and its value is a function of a) the negative distance between the auction's weighted average yield and the weighted average yield of the Specialist and b) the amount requested with yield attached higher than auction's weighted average yield.
2. The BAAI indicator is calculated by adding up the value of the two sub- indicators a. and b. The score is attributed in relation to the BAAI average value, calculated on each auction object of the evaluation. The maximum score of two points is assigned to the Specialist

who has achieved BAAI indicator of at least 8. For lower BAAI indicator the score is proportional.

3. The value of the parameter is communicated at least monthly and is translated in points every quarter.

#### Article 9

##### ***Indicator of continuity of participation in the primary market***

1. The “Continuity of participation in auctions” parameter is an indicator, calculated on a quarterly basis, that evaluates the regularity of participation of Specialists in all the auctions of Government bonds.
2. The indicator measures the number of times in which the Specialist, in auctions, did not bid for a quota of at least 5,5% of the maximum quantity offered of each bond being issued. In case of multiple auctions, namely when are bonds offered together in a single range, the minimum quota of 5,5% is calculated considering the total cumulate amount requested on all bonds offered divided by the maximum cumulated quantity offered.
3. The indicator is made so as to proportionally penalize (by up to a maximum of 4 points) those Specialists that more frequently did not respect the minimum level of participation in the auctions, mentioned in the preceding paragraph.
4. The value of the parameter is communicated at least monthly and is translated in points every quarter.

## **TITLE 2**

### **EVALUATION CRITERIA ON THE SECONDARY MARKET**

#### Article 10 *Evaluation of the secondary market*

1. With reference to the principle mentioned in article 3, paragraph 1, letter b, the Treasury determines the criteria to evaluate Specialists on the secondary market so as to establish the contribution to the efficient functioning of the trading venues, and in particular those selected as per article 3 of the Specialists Decree, among the venues making up the List, undertaken through a continuous and distributed activity of quotation and trading on different segments.
2. On the trading venue selected, the contribution given to trades and to quotations both in terms of continuity and of depth is taken into account, both on the cash and repo markets, with the procedures and criteria specified in the following articles 11 to 16.
3. For all the other trading venues the activity carried out on electronic trading systems is evaluated, as well as the ability to guarantee a wide distribution of the whole range of Government bonds to investors, taking into account their geographic location and type, with the procedures and criteria specified in the following articles 17 and 18.

#### Article 11 *Quotation Quality Index (QQI)*

1. The quotation quality index (QQI) is an indicator based on high frequency snapshots (that mimic continuous monitoring), made on each market day, on the order book of each bond, for each Specialist.
2. For each snapshot, the ranking of the Specialist in the order book of the bond with respect to the best ranked Specialist, both for the bid and ask sides, is recorded. To calculate the indicator, those snapshots, both on the bid and ask sides, that reveal buy and/or sale price proposals associated with (visible) quantities that are equal to at least 5 million euros, will be considered, with the exception of the nominal BTPs and Green BTPs with a maturity longer than 10 years and the whole BTP linker segment (BTP Italia and BTP€i), where all proposals are evaluated. For each bond, the average ranking of the Specialist is calculated, relative to the market day. To calculate the average ranking, each position in the order book (in terms of ranking with respect to the best Specialist) is weighted with increasing coefficients that are in proportion to the position in the order book with respect to the best price, in order to reward more those dealers that continuously show the best prices both for the bid and the ask sides. The absence of the Specialist from the order book determines a worsening of the average rank and thus of the performance measured by the QQI, having taken into account, in any case, the safeguard mechanism, if the Specialist is “technically suspended” having just settled a



contract. Lower QQI values, which indicate an average overall positioning closer to the best prices, denote a better performance.

3. The coefficients to weight the ranking in the order book are listed in the following table. To calculate the ranking in the order book the number of operators above the Specialist being observed is taken into account, including also the case when the same ranking is shared by more than one operator.

Values assigned	
Ranking in the order book	Coefficient
1	0
2	5
3	8
4	9
5	10
...	...
Absent	28

4. The daily rankings relative to each bond are then aggregated (simple average) by classes of bonds, differentiated by the financial characteristics of the same bonds and according to the following scheme:

BOT – BTP (Green BTP included)						BTP€/BTP Italia	CCTeu
≤ 18 months	18 months ≤ 3 years	3 ≤ 5 years	5 ≤ 10 years	10 ≤ 24 years	>24 years		

5. For each class of bonds, each Specialist is assigned a class score in proportion to the QQI indicator value. This class score is calculated in reference to the index value obtained by the best Specialist for the given bond class. The score related to nominal bonds with a maturity between 10 years and 24 years is weighted the double with respect to that of the other classes of securities while it is weighted two and a half times if nominal bonds have a maturity above 24 years. Each Specialist, finally, is assigned an overall score equal to the sum of the class points, rescaled respect to a maximum of 7 points assigned to the Specialist with the highest sum of class points.
6. The value of the parameter is communicated normally weekly and monthly and is translated in points every quarter.

Article 12  
***Cash traded volumes***

1. Given the number of open market days during the reference period, the “Cash traded volumes” parameter is calculated with two subsequent weightings. The first takes into account the type of bonds traded whose volumes are weighted according to the same weights used in the tables mentioned in preceding article 6, paragraph 3, without distinguishing between off-the-run and on-the-run. Afterwards, the volumes traded by the operator, thus weighted, are proportioned to the total volume of cash traded in the trading venues selected, taking into account if the trade was as filler or aggressor. Volumes traded as fillers are weighted 1 while those traded as aggressors are weighted 0.40.
2. The best Specialist is assigned a score of 8 points. All the other Specialists with a market share above that of the average of market makers that are neither Specialists nor Candidate Specialists are proportionally assigned a score between 0 and 8. Those Specialists with a market share less than that of the average of market makers that are neither Specialists nor Candidate Specialists are assigned a score equal to 0.
3. The value of the parameter is communicated normally weekly and monthly and is translated in points every quarter.

Article 13  
***Number of bonds traded as filler***

1. The parameter measures the ability of each Specialist to trade, as filler, the highest possible number of bonds on the selected trading venue, taking into account the financial characteristics of the bonds.
2. For the calculation of the parameter, bonds traded as filler, from each Specialist, are analysed for different classes (by type/class of maturity), as shown in the table referred to in article 10 paragraph 4. For each class a ranking is carried out and a standardized maximum score is assigned to the to best and in proportion to the others within that class. The score related to nominal bonds with a maturity between 10 years and 24 years is weighted the double with respect to that of the other classes of securities, while it is weighted two and a half times if nominal bonds have a maturity above 24 years. The sum of the scores obtained in each class by each Specialist represents the reference indicator of the parameter.
3. To the best Specialist 6 points are assigned. A score between 0 and 6 is proportionally assigned to the other Specialists.
4. The value of the parameter is communicated normally weekly and monthly and is translated in points every quarter.

## Article 14

### *Contribution to the average size of the contracts traded as filler*

1. The depth contribution index (DCI) is an indicator based on high frequency snapshots (that mimic continuous monitoring), made on each market day, on the order book of each bond, for each Specialist.
2. For each snapshot, the ranking of the Specialist in the order book of the bond with respect to the best ranked Specialist, both for the bid and ask sides, is recorded with the attached quoted quantity. To calculate the indicator, those snapshots, both on the bid and ask sides, that reveal buy and/or sale price proposals associated with quantities that are equal to at least 5 million euros, will be considered. For nominal BTPs and Green BTPs with a maturity longer than 10 years only buy and/or sell price proposals associated with quantities that are equal to at least 3 million euros will be considered, while for the BTP linker segment (BTP Italia and BTP€i) all proposals are evaluated. For each bond and for each market day the weighted average of quoted quantities is calculated, weighting these quantities with coefficients that are decreasing in the position of the attached quotes in the order book with respect to the best price, while the hidden quoted quantity will be weighted with a coefficient equal to 0. The higher is the position of a quote, the higher is the weight applied to the attached quantity. Therefore, higher DCI values, which represent an overall higher average quoted quantity, denote a better performance.
3. The coefficients to weight the ranking in the order book are listed in the following table. Differently from the QQI, to calculate the ranking in the order book the number of operators above the Specialist being observed is not taken into account:

Values assigned	
Ranking in the order book	Coefficient
1	1
2	0.8
3	0.5
4	0.3
5	0.15
> 5	0

4. The daily rankings relative to each bond are then aggregated (simple average) by classes of bonds, differentiated by the financial characteristics of the same bonds and according to the following scheme:

BOT – BTP (Green BTP included)						BTP€/BTP Italia	CCTeu
≤ 18 months	18 months ≤ 3 years	3 ≤ 5 years	5 ≤ 10 years	10 ≤ 24years	>24 years		

5. For each class of bonds, each Specialist is assigned a class score in proportion to the DCI indicator value. This class score is calculated in reference to the index value obtained by the best Specialist for the given bond class. Each Specialist, finally, is assigned an overall score equal to the sum of the class points, rescaled respect to a maximum of 4 points assigned to the Specialist with the highest sum of class points.
6. The value of the parameter is communicated normally weekly and monthly and is translated in points every quarter.

#### Article 15 *Repo traded volumes*

7. Given the number of open market days during the reference period, the parameter is calculated, both for the General Collateral segment and for the Special Repo segment, as a percentage of volumes traded through ordinary contracts or Request-for-quote type of contracts, weighted for the duration of the contract, of the overall total of the segment. In weighting for the duration, contracts with a duration above 90 days will be considered as 90-day contracts. The best Specialist is assigned a score, for the General Collateral segment and for the Special Repo segment, respectively up to a maximum score of 2 points and 4 points. A score between 0 and the maximum of each segment is proportionally assigned to the other Specialists with a market share above that of the average of market makers that are neither Specialists nor Candidate Specialists. Those Specialists with a market share less than that of the average of market makers that are neither Specialists nor Candidate Specialists are assigned a score equal to 0.
8. The value of the parameter is communicated normally weekly and monthly and is translated in points every quarter.

#### Article 16 *Bank of Italy efficiency index*

1. The bonds quoted are divided for each open market day into 7 classes according to their segment and their degree of liquidity. For each class the following parameters, indicative of each primary dealer's contribution to overall market efficiency, are considered: average spread weighted for page exposition time; volume of applications received; number of bonds quoted; number of bonds traded; sum of the quoted quantities weighted for page exposition time.

2. To permit the comparison of non-homogeneous quantities, inasmuch as they refer to bonds with different financial characteristics and degrees of liquidity, processes of standardization of data used for analysis are carried out. The daily parameters, calculated for each dealer within the context of each class of liquidity, are subsequently aggregated on a period basis in order to complete a comparative evaluation of the behaviour of all the main dealers in the market. A comprehensive ranking is thus drawn up, which constitutes the basis for the Treasury's attribution of points.
3. At the end of each quarter, 5 points are assigned to the best Specialist. A score between 0 and 5 is proportionally assigned to the other Specialists.

#### Article 17

##### ***Cash traded volumes on other trading venues (EMAR/HRF data<sup>1</sup>)***

1. This parameter, calculated each quarter, assesses the Specialist's trading activity outside the selected platform, including non electronic trades. This indicator, the calculation of which takes into account information included in the European harmonized report format (EMAR/HRF), is computed as the percentage of volumes traded by the operator of the total trading activity, analysed for different segments (by type/class of maturity), as shown in the tables referred to in article 6 paragraph 3, without distinction between on-the-run and off-the-run. Volumes traded with final counterparts - therefore with the exclusion of dealers and DMOs, with the latter that are completely excluded from the evaluation – are weighted twice their nominal value. Volumes traded on non electronic platforms are weighted 0,75 their nominal value.
2. The best Specialist is assigned a score of 7 points. A score between 0 and 7 is proportionally assigned to the other Specialists.

#### Article 18

##### ***Repo distributional ability on other trading venues***

1. This is a synthetic indicator that measures the quality and the volume of the trading activity of Government bonds outside the selected platform, on the repo segment, with regards to the diversification of bond types, of counterparties and of systems used. In addition, the indicator evaluates the repo trading activity carried out with the Treasury.
2. The parameter is calculated each quarter on the basis of the contracts concluded with the Treasury, as well as of the data communicated by the Specialist according to the format defined by the Treasury together with the Bank of Italy.
3. At the end of each quarter, 2 points are assigned to the Specialist with the best performance. A score between 0 and 2 is proportionally assigned to the other Specialists.

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<sup>1</sup> All the relevant information related to the use of these harmonized reports EMAR/HRF at European level can be found at the following website [http://europa.eu/efc/euro-market-activity-report\\_en](http://europa.eu/efc/euro-market-activity-report_en)

# **TITLE 3**

## **EVALUATION CRITERIA OF BUYBACKS AND EXCHANGES TRANSACTIONS**

### Article 19

#### *Activity in exchange and buyback operations*

1. Buyback and exchange operations are a strategic instrument for the management of public debt. Having considered the importance of such operations and the technical procedures used, the Treasury only admits Specialists as counterparties.
2. The participation of each Specialist in buyback and exchange operations, held through the electronic trading system or the Bank of Italy auction system, is assessed up to a maximum of 5 points. The maximum score that can be assigned, in any case not below 3 points, will be set by the Treasury on the basis of the number and overall value of operations conducted during the year.
3. The maximum number of points as established in the previous paragraph, will be assigned to the Specialist with the highest participation weighted, only for exchange operations, taking into account the difference in terms of duration between the bonds on offer and those bought back. The performance of all the other Specialists will be in proportion to the best operator.
4. Specialists that within the deadlines set for the settlement of exchange or buyback transactions fail to deliver, even partially, the share of bonds sold in the transaction, will be penalized. This penalty will result in a deduction from the score that the Specialists will be assigned on the parameter at year end, equal to 10% of the maximum score potentially assigned at year end (0.3 - 0.5) for each fail, up to a maximum of points achieved by the Specialist, calculated pursuant to paragraph 3.
5. The parameter and the number of fails, as stated in paragraph 4, are communicated normally each quarter and are translated in points at the end of the year evaluation.

## **TITLE 4**

### **EVALUATION CRITERIA OF THE ORGANIZATIONAL STRUCTURE**

#### Article 20

##### ***Central Counterparty***

1. The minimum requirement to maintain the status of Specialist is the adhesion to a Central Counterparty operating on the trading venues selected from among those in the List as per article 10, paragraph 2, letter e, of the Specialists Decree.

#### Article 21

##### ***Organizational Structure***

1. The evaluation of the Organizational Structure given by the Treasury is carried out yearly and it brings up to 10 points. The parameter takes into account the overall assessment given by the Treasury on the Specialist's activity, with reference to aspects concerning the reliability of the organizational structure, the advisory and research ability on themes related to the management of public debt as well as the quality, depth and the originality of the analyses on events and short, medium and long-term trends affecting the government bond market.
2. In assigning points, the contribution to the efficient functioning of the primary and secondary markets, which is not directly measurable with the indicators mentioned in the preceding articles, is also assessed, in particular with regard to:
  - a) the participation in Government bonds auctions. This is evaluated in reference to qualitative aspects such as, for example, the use of at least 3 available bids for each auction and their corresponding distribution, the insertion of prices that do not determine the activation of the safeguard mechanism or of the exclusion price, recourse to the recovery procedure (fax sending) to present bids at auction limited to cases of an exceptional nature;
  - b) the strategy of participation in auctions of long-term nominal BTPs. This is evaluated considering, each time, the consistency between the suggestions made by the Specialist concerning the bonds on offer and the behaviour in the auction;
  - c) the participation to the TAP Issues. It is positive evaluated the participation of the Specialists in TAP Issues in terms of both advisory activity and subscription of bonds;
  - d) the participation to the liquidity management operations. This is evaluated taking into account the participation to the operations of investing and raising liquidity, as well as to repo operations carried out with the Treasury;

- e) the behaviour during the execution of placement syndicates. The Treasury evaluates the behaviour of all Specialists, independently of the role taken in the operations;
- f) the behaviour during the execution of bilateral transactions. The Treasury will evaluate the quality of the behaviour of the Specialists involved in the execution of these transactions (in term of readiness, market neutrality, etc.);
- g) the contribution to the efficiency of the secondary market. The activity of operators that contribute more to support the liquidity of Government bonds on the secondary market in those days characterised by higher volatility is positively evaluated. A positive assessment is made with regard to the operators who limit trading practices which, due to the size of the trades, depth of the securities involved and the time frame of the execution, can be considered detrimental to the liquidity, efficiency and good functioning of the market;
- h) the limitation to the execution of autohedging transactions. The behaviour of the Specialist that limits the recourse to autohedging transactions on the selected trading venue is positively evaluated. In particular, each Specialist that executes less than three *autohedging* transactions during every quarter is assigned a score of 0,5 points (2 points on annual basis). The parameter is communicated on quarterly basis and translated into points on annual basis;
- i) the contribution to set up monthly Specialists meetings via video-conference in an efficient manner both from a logistical and IT perspective;
- j) the trading activity on stripped securities. The activity of Specialists that contribute more to the trading on stripped securities, weighted according to residual maturity and the same weights of the table referred to in Article 6, paragraph 3, is positively evaluated. The best Specialist will be given a score up to one point;
- k) the contribution to the orderly execution of activities on the primary and secondary market with particular reference: a) to the knowledge and full compliance with the rules contained in Agreement between the Bank of Italy and intermediaries admitted to participate in placements, buybacks and exchange offers of government securities<sup>2</sup>; b) to the knowledge of the Evaluation Criteria of Specialists as well as of the Specialists Decree. The assessment of this requirement is carried out in such a way as to penalize up to a maximum of three points the operators who, on the basis of objective evidence, have demonstrated the lack of knowledge of the provisions of the aforementioned Decrees and the lack of knowledge and/or not fully compliance with the requirements of the aforementioned Agreement;
- l) the contribution to the efficiency of the secondary market of the foreign bonds. The Treasury evaluates positively the commitment of the Specialists to facilitate and enhance the liquidity of the secondary market for the securities issued under the Global format, as well as the periodic reporting activity.

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<sup>2</sup> [https://www.bancaditalia.it/compiti/operazioni-mef/Agreement\\_BI\\_dealers.pdf?language\\_id=1](https://www.bancaditalia.it/compiti/operazioni-mef/Agreement_BI_dealers.pdf?language_id=1)



Article 22  
***Final and transitional provisions***

1. The present Decree repeals the Decree of the Director General of Public Debt no. 99776 as of 13<sup>th</sup> of December 2022.

Digitally signed by:  
The Head of Public Debt Directorate  
Davide Iacovoni